



7020-02

INTERNATIONAL TRADE COMMISSION

Investigation No. 337-TA-698 (Enforcement Proceeding)

Certain DC-DC Controllers and Products Containing Same; Notice of Commission

Decision to Review in Part an Enforcement Initial Determination Finding a Violation of the August 13, 2010 Consent Order; Request for Written Submissions Regarding Certain Issues under Review and Remedy, Bonding, and the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part an enforcement initial determination (“EID”) of the presiding administrative law judge (“ALJ”) finding a violation of the August 13, 2010 consent order by respondent uPI Semiconductor Corp. (“uPI”) of Hsinchu, Taiwan, and is requesting written submissions regarding certain issues under review and remedy, bonding, and the public interest.

FOR FURTHER INFORMATION CONTACT: Clint A. Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, D.C. 20436, telephone (202) 708-2310. Copies of all nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW., Washington, D.C. 20436, telephone 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission’s electronic docket

(EDIS) at <http://edis.usitc.gov/>. Hearing-impaired persons are advised that information on the matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this enforcement proceeding on September 6, 2011, based on an enforcement complaint filed by Richtek Technology Corp. of Hsinchu, Taiwan and Richtek USA, Inc. of San Jose, California (collectively “Richtek”). 76 FR. 55109-10. The complaint alleged violations of the August 13, 2010 consent orders issued in the underlying investigation by the continued practice of prohibited activities such as directly importing, offering for sale, and selling for importation into the United States and by knowingly aiding, abetting, encouraging, participating in, or inducing importation and sale in the United States by third parties of DC-DC controllers or products containing the same that infringe one or more of U.S. Patent Nos. 7,315,190 (“the ‘190 patent”); 6,414,470 (“the ‘470 patent”); and 7,132,717 (“the ‘717 patent”); or that contain or use Richtek’s asserted trade secrets. The Commission’s notice of institution of enforcement proceedings named uPI and Sapphire Technology Limited (“Sapphire”) of Shatin, Hong Kong as respondents.

On April 11, 2012, the Commission issued notice of its determination not to review the ALJ’s ID terminating the enforcement proceeding as to Sapphire based on a settlement agreement.

On June 8, 2012, the ALJ issued his EID finding a violation of the August 13, 2010 consent order by uPI. He found that, after issuance of the consent order, certain uPI DC-DC controllers and downstream products containing uPI accused controllers had been imported and/or sold in the United States without Richtek’s consent or agreement. He made infringement findings as to certain claims of the ‘190, the ‘470, and the ‘717 patents. He found no

misappropriation of Richtek's asserted trade secrets in violation of the consent order with respect to uPI's products developed after the consent order issued. Also, he recommended enforcement measures for uPI's violation that included: (1) modifying the consent order to clarify that the order applies (and has always applied) to all uPI affiliates; and (2) imposing a civil penalty of \$750,000 against uPI. On June 25, 2012, uPI and Richtek each filed a petition for review of the EID; and on July 3, 2012, Richtek, uPI, and the Commission investigative attorney each filed a response to the opposing party's petition.

Upon review of the record and considering the parties' filings, the Commission has determined to review the EID in part. Specifically, the Commission has determined to review the following: the ALJ's finding of infringement of the '470 patent; the ALJ's finding of infringement of the '190 patent; and the ALJ's determination that uPI violated the August 13, 2010 consent order on 75 days.

On review, with respect to violation of the August 13, 2010 consent order, the parties are requested to submit briefing limited to the following issues:

- (1) What is the test for determining whether uPI violated the following consent order prohibition: "knowingly aid, abet, encourage, participate in, or induce importation into the United States, the sale for importation into the United States, or the sale, offer for sale, or use in the United States after importation," without the consent or agreement of Richtek, any DC-DC controllers or products containing same which infringe the asserted patent claims or are made using Richtek's trade secrets? August 13, 2010 consent order, ¶ A.
- (2) Explain whether or not there is a factual basis in the evidentiary record that proves that a violation of the "knowingly aid, abet, encourage, participate in, or

induce” prohibition of paragraph A of the August 13, 2010 consent order has occurred in view of the evidence of uPI’s efforts to comply with the consent order.

- (3) Explain whether or not there is a factual basis in the evidentiary record that proves uPI has violated the following consent order prohibition: “import into the United States, sell for importation into the United States, or sell or offer for sale in the United States after importation” without the consent or agreement of Richtek of any DC-DC controllers or products containing same which infringe the asserted patent claims or contain Richtek’s asserted trade secrets. August 13, 2010 consent order, ¶ A.
- (4) Please provide, based upon evidence in the record, the specific date(s) upon which an importation or sale in the United States occurred for each line item of the table on page 121 of the EID.

In addressing these issues, the parties are requested to make specific reference to the evidentiary record and to cite relevant legal authority. The Commission does not request additional briefing at this time on any other issues under review.

In connection with the final disposition of this investigation, the Commission may revoke the consent order and issue an order excluding the subject articles from entry into the United States. *See* 19 CFR 210.75(b)(4)(iii). Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For

background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843, Comm'n Op. at 7-10 (December 1994).

If the Commission contemplates revoking the consent order and issuing an exclusion order, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission were to revoke the consent order and issue an exclusion order, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. See 19 U.S.C. § 1337(j) and the Presidential Memorandum of July 21, 2005. 70 FR. 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues under review that specifically address the Commission's questions set forth in this notice. The submissions should be concise and thoroughly referenced to the record in this investigation. The parties to the enforcement proceeding, interested government agencies, and any other interested persons are encouraged to file written submissions on the issues of remedy, the public interest, and bonding, and such submissions should address the enforcement measures recommended by the ALJ relating to remedy. The complainant and the IA are also

requested to submit proposed remedial orders for the Commission's consideration in the event it determines to revoke the consent order. Complainant is also requested to state the dates that the patents at issue expire and the HTSUS numbers under which the accused articles are imported. The written submissions and proposed remedial orders must be filed no later than close of business on August 23, 2012. Reply submissions must be filed no later than the close of business on August 30, 2012. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to Commission rule 210.4(f), 19 CFR 210.4(f). Submissions should refer to the investigation number ("Inv. No. 337-TA-698") in a prominent place on the cover page and/or the first page. (*See Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf*).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, and in sections 210.42-46 of the Commission's Rules of Practice and Procedure, 19 CFR 210.42-46.

By order of the Commission.

William R. Bishop
Hearings and Meetings Coordinator

Issued: August 9, 2012

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